UNITED
NATIONS

A

General Assembly

Distr.
GENERAL

A/51/308
27 August 1996

ORIGINAL: ENGLISH

Fifty-first session
Item 96 (c) of the provisional agenda*

MACROECONOIC POLICY QUESTIONS: TRADE AND DEVELOPMENT

Midrand Declaration and A Partnership for Growth and Development

Note by the Secretary-General

The Secretary-General has the honour to transmit to the members of the General Assembly the report on the ninth session of the United Nations Conference on Trade and Development, entitled "Midrand Declaration and A Partnership for Growth and Development", adopted at Midrand, South Africa, on 11 May 1996.

* A/51/150.

96-22151 (E) 091096 181096

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MIDRAND DECLARATION

We, the member States of the United Nations Conference on Trade and Development (UNCTAD), gathered at Midrand, South Africa, for the ninth session of the Conference agree and state:

UNCTAD IX was characterized by frank assessments of the functioning of UNCTAD made during the round tables of heads of State, multilateral agencies and ministers. This inspired member States to build a more effective organization capable of implementing its mandate in a changing world.

In 1992, UNCTAD VIII heralded The Spirit of Cartagena, a partnership for development. This was a clear recognition of the need for a new approach to assisting development. Four years later, it is clear that further vigorous initiatives are necessary to translate that spirit into reality.

Since Cartagena, the United Nations has held important global conferences on major economic and social themes. These have identified changes and challenges in the global economy, and highlighted the need for reform of the United Nations system. In addition, the creation of the World Trade Organization (WTO) has strengthened the rules-based trading system and furthered the process of liberalization, opening new opportunities for sustainable development and growth.

UNCTAD IX has responded to these changes and challenges by initiating important reforms designed to give new and real meaning to the partnership for development.

Globalization

Our economies continue to be unified by flows of trade, finance, information and technological change. This increased interdependence is a powerful impetus to liberalization of these flows. Competitive pressure on all economies has increased, and market forces play a pivotal role. The rules-based system of WTO will facilitate positive integration of countries into the global trading system if the commitment to this objective is strengthened.

However, we must recognize that countries enter this system from very different starting points. Accordingly, the impact of globalization and liberalization is uneven. There are notable developing country successes where domestic reforms have provided increased dynamism to international trade and investment. Yet there remain problems of access to markets, capital and technology, and many grapple with the institutional transformation necessary for meaningful integration into the world economy.

The least developed countries (LDCs), particularly those in Africa, and other developing countries remain constrained by weak supply capabilities and are unable to benefit from trade. Marginalization, both among and within

countries, has been exacerbated. Too many people continue to live in dire poverty. As we near a new millennium this is an intolerable situation.

It is in the interest of all countries that a mutually beneficial multilateral trading system continues to develop. This requires the recognition of differential impacts on countries and the solidarity necessary to ensure that all will benefit - a true partnership for development.

Partnerships

The partnership for development must be based upon a clear definition of roles, the establishment of common objectives and development of joint action. In practical terms this means:

(i) Strengthening intergovernmental cooperation between developed and developing countries;

(ii) Cooperation between developing countries should be enhanced with special attention to LDCs;

(iii) More effective coordination and complementarity of multilateral institutions;

(iv) The mobilization of human and material resources towards development through dialogue and common action between Governments and civil society;

(v) Partnerships between the public and private sector to achieve higher growth rates and greater development.

The work of UNCTAD

The UNCTAD mandate remains relevant as the focal point for dealing with trade and related issues of development. It must build upon its comparative advantage and offer support appropriate to the needs of developing countries to ensure that they participate in the world economy on a more equitable basis.

UNCTAD policy research and analytical work must illuminate the changes in the global economy as they relate to trade, investment, technology, services and development. Such work must facilitate policy formulation within member States as they strive for development. It must lead to constructive policy dialogue among member States to enhance benefits of trade. It must respond to different and changing developmental needs in the ongoing process of integration in the global economy.

Policy formulation assistance requires appropriate technical support and cooperation in order to achieve concrete results. It is essential that special attention is paid to creating an overall enabling environment at a policy and institutional level for the LDCs.

In enhancing technical cooperation, UNCTAD will strengthen its cooperation and coordination with WTO and other multilateral institutions. Developing countries themselves are increasingly contributing to technical cooperation.

Member States must also be supported as they build transparent and accountable governance and administration in all sectors of society. This enhances trade and investment.

Institutional reform of UNCTAD

The comprehensive United Nations reform process is designed to refocus and reinvigorate international cooperation for peace and development. UNCTAD IX and the Secretary-General of UNCTAD have made a significant contribution to this process through the comprehensive changes that have been adopted. These changes support the more focused work of UNCTAD through streamlining the intergovernmental machinery, improving the method and quality of expert input and focusing and integrating the secretariat's working methods. The results of these changes must be outputs that respond to the needs and demands of the member States.

In a rapidly changing environment it is essential to maintain the relevance of an organization's work. This can only be done through improved accountability based on assessment, review and transparency of operation. The UNCTAD Trade and Development Board must perform this oversight role.

To build on the political commitment of member States to the process initiated at this Conference and ensure its implementation, the President of UNCTAD IX should consider convening a special high-level review meeting two years prior to UNCTAD X.

Partnership initiatives

The Secretary-General of UNCTAD will convene a meeting with actors in development to advise him on how to enhance the participation of civil society in UNCTAD to build a lasting partnership for development between non-governmental actors and UNCTAD.

South Africa, as President of UNCTAD IX, in consultation with its regional partners and the Secretary-General of UNCTAD, will host a workshop on the partnership between the public and private sectors in mobilizing resources for development. The focus will be on the role of this partnership for LDCs and how other developing countries can work together with LDCs. South Africa will request the Asian Group and the Latin American and Caribbean Group to share their experience in this regard. It is appropriate that such a workshop take place in Africa, where the majority of LDCs are located.

South Africa to Thailand

At no time in world history has the destiny of all its many different peoples been so intertwined. This must lead to solidarity in action to eradicate poverty. It has been correctly stated in this Conference that no one can do for us what we will not do for ourselves. Our challenge is to ensure that all human rights and fundamental freedoms, including the right to development as an integral part of fundamental human rights, are promoted and protected.

Starting in South Africa - a country which chose a path of rejuvenation and hope - UNCTAD will traverse four years to Thailand - a country where significant progress has been achieved. When we reflect back on this path in the year 2000, may it be in the knowledge that our solidarity has improved the lives of people.

A PARTNERSHIP FOR GROWTH AND DEVELOPMENT

I. PROMOTING GROWTH AND SUSTAINABLE DEVELOPMENT IN A GLOBALIZING AND LIBERALIZING WORLD ECONOMY

A. Challenges arising from globalization and liberalization among countries facing different circumstances

1. The globalization of production and the liberalization of trade offer opportunities for all countries and enable developing countries to play a more active role in the world economy. At the same time, these processes have also increased the complexity and challenges involved in interdependence, increasing the risks of instability and marginalization. Technological advances, the increased mobility of production factors, and in some cases regional trading arrangements have opened the door to the prospect of considerable gains in productivity and wealth creation. Some developing countries are already reaping the benefits. Others are less well placed to seize these opportunities. In principle all should benefit if Governments create the necessary conditions for promoting sustainable development, economic growth and stability. Effective international support can help those at risk of exclusion to address the challenges and take advantage of the opportunities, especially the LDCs and other structurally weak economies.

2. A particular challenge for the international community is the integration of developing countries into the global economy. Many of these countries, particularly in Africa, risk being left behind and marginalized in world trade, investment, commodities and capital markets. Ongoing intensive efforts are needed to help developing countries, in particular the least developed countries, to benefit from the process of global trade liberalization.

3. The full benefits of globalization and liberalization can materialize only if women are able to participate effectively in economic, social and political development. The Platform for Action adopted by the Fourth World Conference on Women held that insufficient attention has been given to gender analysis in the formulation of economic policies and structures. Women are vital agents of change. Therefore, policies and programmes need to integrate a gender perspective in order to contribute to the empowerment of women and to achieve equality between women and men in all sectors of the economy.

4. The challenge at the national and international levels is to create the conditions that will allow the flows of world investment and trade to help bridge the economic and social disparities among and within nations. Towards that end, the Conference reaffirms the partnership for development.

1. Globalization and development

5. In the 50 years since the United Nations was established, the concept of development has evolved significantly. From a narrow focus on economic growth and capital accumulation, development has come to be widely understood as a

multidimensional undertaking, a people-centred and equitable process in which the ultimate goal of economic and social policies must be to better the human condition, responding to the needs, and maximizing the potential, of all members of society. To be sustainable, development must meet the needs of the present without compromising the ability of future generations to meet their own needs.

6. The international community is confronted with a perpetuation of disparities between and within nations, worsening of poverty, hunger, ill health, illiteracy, high unemployment and underemployment, and the continuing deterioration of the ecosystem on which well-being depends. However, integration of environment and development concerns and greater attention to them will lead to the fulfilment of basic needs, improved living standards for all, better protected and managed ecosystems and a safer, more prosperous future. No nation can achieve these objectives on its own. They can only be achieved through a global partnership for sustainable development consistent with the outcome of the Rio Summit and other relevant international conferences in this regard.

7. Broadly based growth is a necessary condition for the economic, technological and social transformation of societies in developing countries. But for economic growth to accelerate and to be widespread and sustainable, the international community should promote cooperation based on broadly shared conceptions of development problems. Democracy and transparent and accountable governance and administration in all sectors of society are indispensable foundations for the realization of people-centred sustainable development. To ensure that the political framework supports the objectives of social development, which along with economic growth and environmental protection is a component of sustainable development, it is essential for social development that all human rights and fundamental freedoms, including the right to development as an integral part of fundamental human rights, are promoted and protected. In this regard, the important principles and programmes of action from the global United Nations conferences on environment, human rights, population, social development and women provide guidance for future action.

8. There is a range of non-governmental actors - civil society - whose participation is required to address appropriately the challenge of sustainable development. Companies, large and small and both domestic and transnational, private investors, non-governmental organizations, universities and research centres have a role to play in promoting sustainable development which was traditionally expected from the State. In most countries, Governments continue to play an essential role in a number of areas including: provision of basic infrastructure, ensuring the appropriate policy environment, stimulating the development of entrepreneurship and promoting or undertaking, as necessary, some functions which cannot for reasons of scale or externality be adequately initiated by the private sector.

9. Sustained economic growth requires creation of an enabling environment for the private/business sector. To create this environment, countries must ensure the efficient functioning of domestic markets, facilitate sufficient access to international markets, and create the best possible conditions for the competitiveness of their firms, particularly the micro, small and medium-sized enterprises which characterize developing countries. Further necessary

conditions include sound macroeconomic policies; encouragement of entrepreneurship and competition; and efforts to promote domestic savings and attract foreign capital, technology and know-how, as well as mobilizing capabilities towards sustainable development.

10. Regional economic arrangements have rapidly expanded to new countries and new policy areas and have continued to develop after the successful completion of the Uruguay Round negotiations. In many cases, they are able to complement and expand on what had been possible at the multilateral level. Regional economic arrangements should be outward-oriented and consistent with multilateral trade rules.

11. The outward-oriented reforms adopted by many developing countries allow them to participate more actively in world trade. The growth of these countries depends to an increasing degree on world trade and private capital to supplement domestic savings and other external financial flows. In this connection, the importance of the transparency and predictability of market conditions in all countries, as well as the role of developed countries in creating a stable economic environment for development, is recognized.

12. Technology is a critical factor for the ability of developing countries to participate in world trade and for achieving sustainable development. The prospects for the technological progress of developing countries are determined inter alia by the availability of technology, including advanced technology, on a sound commercial basis, by a proper enabling environment and by the development of their human resources.

13. Globalization and liberalization make all countries more susceptible to external developments, accelerating the transmission of positive impulses and, also, negative shocks. As a result, national and international policies are more interrelated. While these phenomena may reduce some of the difficulties associated with barriers to trade and investment, they may still lead to new problems. Therefore, there is a vital role for international cooperation and partnership.

14. Participating fully and effectively in international trade, investment and production requires capacity-building, improving the transparency, soundness and certainty of the domestic economic environment, and securing access to markets. For many developing countries, this also means creating and expanding capacities and infrastructure to supply goods and services efficiently to globalizing markets.

15. In many developing countries, particularly those in Africa and LDCs, commodity and market diversification require investment, human resources development, technological capacities, skills and support infrastructure to augment levels of production and efficiency to the exacting quality, cost and delivery requirements of global markets. International assistance, enhanced market access opportunities, development finance, investment and technical cooperation can play a crucial role in complementing domestic efforts to create necessary conditions for economic growth and sustainable development, including the implementation of structural adjustment programmes.

16. The heavily indebted low-income countries, including many that are LDCs, remain confronted with a high level of debt service. This has been one impediment to their development efforts. Measures to reduce debt burden can have a positive impact on development prospects, including the domestic investment climate, provided they are accompanied by sound macroeconomic and structural reform efforts.

17. The lack of territorial access to the sea, aggravated by remoteness and isolation from world markets, imposes serious constraints on the overall socio-economic development efforts of the land-locked developing countries. Likewise, island developing countries, particularly the small and remote ones among them, also face constraints on their external economic performance owing to such factors as a poor resources base, environmental fragility, shortage of human resources and recurring natural disasters.

18. Measures for capacity-building including, inter alia, access to information and technologies and implications of information technologies for trade, trade efficiency and the creation of an enabling environment for the development of small and medium-sized enterprises and micro-enterprises, will enhance the ability of developing countries to benefit fully from trading opportunities, including those arising from the Uruguay Round.

19. Enterprises in the informal sector are to be considered as part of the enterprise entity which contributes to the development process. They provide a source of new entrepreneurs and, being labour-intensive, can generate wage and self-employment for a significant segment of the population in many countries. They typically lack the infrastructure and support services common to the formal sector.

20. In a new context in which market-oriented growth strategies are being pursued by most developing countries, more intensive economic cooperation among developing countries is one means of increasing their capacity to produce, achieve economies of scale, and become internationally competitive, thereby promoting their integration into the world economy. In the area of economic cooperation among developing countries, some regional cooperation arrangements have evolved to a stage where trade and other economic activities among member countries make an important contribution to their economic growth in the context of sustainable development. Moreover, with the increasing diversity of development performances among developing countries, some of those countries have reached a stage of development where they can share their development experiences and cooperate with other developing countries, including in areas such as the integration of the enterprise sector into economic cooperation among developing countries processes; new approaches to monetary and financial cooperation; and intensified multisectoral cooperation in trade infrastructure, investment and production. Regional economic cooperation can play an important role in promoting production and market diversification, building adequate infrastructure networks and ensuring an efficient allocation of resources.

2. International trade in goods and services, and commodity issues

21. Globalization and liberalization have increased the potential for international trade to become an unprecedented engine of growth and an important mechanism for integrating countries into the global economy. A good number of developing countries have seized the opportunities and seen the rapid growth of their economies. Not all countries, however, have been in a position to seize these new trading opportunities. There is a real risk that these countries, especially the least developed countries, and other structurally weak economies, could become further marginalized. At the same time, it is widely recognized that the integration and fuller participation of these and other developing countries and countries in transition in the global economy would contribute substantially to the expansion of world trade, serving the overall objectives of world economic growth in the context of sustainable development.

22. The completion of the Uruguay Round of multilateral trade negotiations was a major step by the international community towards the expansion of the rule-based international trading system and advancing liberalization in international trade and creating a more secure trading environment. The Uruguay Round furthered and consolidated the process of trade liberalization through improvements in market access and more stringent disciplines over trade measures. It set out a system of multilateral trade obligations subject to a common dispute settlement mechanism which will place most countries at virtually the same level of multilateral obligation within a relatively short time. It addressed key issues in such areas as textiles and clothing, agriculture, subsidies and safeguards. It also covered new areas, such as norms for the protection of intellectual property and services. Most of the multilateral trade agreements contain their own built-in agenda for review, possible revision and negotiation of future commitments.

23. It has been recognized that, during the reform programme leading to greater liberalization of trade in agriculture, least developed and net food-importing developing countries may experience negative effects in terms of the availability of adequate supplies of basic foodstuffs from external sources on reasonable terms and conditions, including short-term difficulties in financing normal levels of commercial imports of basic foodstuffs. The plight of the LDCs and the need to ensure their effective participation in the world trading system is also recognized.

24. The challenges facing the developing countries and countries in transition in the context of globalization and liberalization are not confined to implementing domestic policy reforms, identifying and exploiting the trading opportunities created by the Uruguay Round and pursuing the policies which could enable them to derive maximum benefits from these opportunities. The challenges relate also to identifying, from a development perspective, ways and means of expanding such opportunities. In this context, the pursuit of the built-in future work programme contained in the various Uruguay Round Agreements and the key new emerging issues need attention. The interests of developing countries should be taken into account in this regard.

25. The General Agreement on Trade in Services (GATS) has opened possibilities for expanded trade in services. In this context, the developing countries face a major challenge of strengthening their domestic services capabilities to derive full benefits from the implementation of the GATS. In view of the important role of trade in services in helping to facilitate economic development, developing countries will seek further liberalization in the services sector where it is important to their interest.

26. The Uruguay Round brought the agricultural sector under multilateral rules and disciplines for the first time, transformed a wide range of non-tariff barriers into transparent bound tariffs, provided for enhanced and secure market access commitments, and introduced rules limiting domestic support and export subsidies. While it may involve negative effects for LDCs and net food-importing developing countries in a transitional period, full and effective implementation of the Uruguay Round outcome within the agreed time-frame will ensure maximum benefit. Many issues remain in this sector with an impact on agricultural trade and sustainable agricultural development. Negotiations to continue the reform process will take place in WTO in accordance with the Agreement on Agriculture.

27. The value of the generalized system of preferences (GSP) as an instrument for the expansion of trade is recognized. As a result of the MFN-based tariff reductions in the Uruguay Round, there has been an erosion in the margin of preferences. There is a potential for the maintenance in the post-Uruguay Round environment of the role which the GSP has played as a trade policy instrument aimed at fostering the industrialization of developing countries and their integration into the world trading system. Certain preference-giving countries have already taken steps in this direction by reviewing their schemes to achieve a better distribution and utilization of GSP benefits among beneficiaries. There is concern among the beneficiaries that the enlargement of the scope of the GSP by linking eligibility to non-trade considerations may detract value from its original principles, namely non-discrimination, universality, burden sharing and non-reciprocity.

28. Globalization has in many cases highlighted differences in regulatory regimes in various policy areas. Interest exists in enlarging the world trade agenda into new areas.

29. Competition policy is one important new policy area. There is growing realization that anti-competitive practices can have a negative influence on trade opportunities arising from trade concessions and obligations. The challenge faced by developed and developing countries alike is to introduce effective national policies in this respect. At the same time, this issue may be considered at the international level. The TRIMs Agreement has formally recognized that competition policy and investment policy are closely related and thus require parallel consideration. Relevant to this consideration is the work carried out in UNCTAD on restrictive business practices (RBPs). The Set of Multilaterally Agreed Equitable Principles and Rules for the Control of RBPs is the only multilateral instrument on the importance of competition principles.

30. A particularly important area is that of integrating trade, environment and development. A concern here is that environmental policies and measures

could be used for protectionist purposes. In developing environmental policies with a potential trade impact, it is important to ensure that they are, inter alia, transparent and pay appropriate attention to the special conditions and development needs of developing countries. Relevant concepts include those contained in the Rio Declaration on Environment and Development and Agenda 21.

31. The lack of efficient and transparent trade-related services such as customs, transportation, banking and insurance, telecommunications or business information is a major impediment to the integration of developing countries and some countries in transition into international trade and poses a formidable risk of exclusion from and challenge to the emerging global economy. Measures by all concerned to reduce the barriers to participation in international trade faced by entrepreneurs, including informal enterprises and micro, small and medium-sized enterprises in the developing countries and in particular least developed ones, could contribute towards increasing employment and extending the benefits of globalization and liberalization to the entire society. Better access by these entities to training, finance, marketing and information services can play a crucial role in their success.

32. Commodity production and trade provide the mainstay for hundreds of millions of generally poor farmers and mine-workers in developing countries, particularly the least developed countries and other structurally weak economies. Developing countries which are heavily dependent on commodity exports face special challenges in promoting through trade their economic growth in the context of sustainable development. This is due on the one hand to the instability and decline in real terms of prices for many commodities and international trade in these products and on the other hand to the difficulties encountered in the horizontal and vertical diversification of this sector, including the lack of foreign direct investment and the difficulties in efforts to implement market-oriented policies and development strategies in some countries. Efficient commodity marketing systems, including adequate services in the areas of quality control, information about market prices, and appropriate domestic legal and regulatory frameworks and institutional structures which can reduce counterpart risks and enhance access to credit and to risk management mechanisms, have a crucial role in enabling commodity producers, especially small producers, to share more fully in the potential benefits of trade. A conducive external environment is also of great importance.

33. Many commodity-dependent countries have attempted a diversification of their commodity sectors, and some have made successful efforts to improve their productivity and to diversify their economies. Over the past few years, many South-East Asian and Latin American countries which pursued sound economic policies have successfully expanded and diversified both their traditional commodity exports and the structure of their exportables. Other developing countries, especially lower-income countries, have experienced limited progress in export diversification and a relative stagnation in their commodity and other economic sectors. In this regard, efforts made by countries aimed at eradicating illicit narcotic crops are recognized. Difficulties in financing because of a lack of creditworthiness and developing countries' efforts to invite FDI can affect diversification efforts in some countries. A major lesson from these contrasting development trends is the importance of the timeliness and

flexibility of producers' and exporters' responses to new or emerging market opportunities and niches. A key issue which has emerged in this context is the need to develop the necessary export-related services, skills and institutional structures to meet the requirements of non-traditional types of exports, since these requirements tend to differ significantly from those of traditional commodity exports, which generally involve different types of marketing methods. In this new market-oriented environment, new approaches are needed to help producers in developing countries dependent on commodities to manage the risks efficiently.

34. Another important factor affecting the commodity sector has been the post-United Nations Conference on Environment and Development, awakening of concerns about the relationship between economic growth and the natural environment, as both commodity and industrial production activities affect the natural resource base. Changes in production and consumption patterns to make them consistent with sustainable natural resource use will be more difficult to effect if environmental costs and benefits are not taken into account in the prices of products, or if the adoption of environmentally preferable production methods is not facilitated by market-based approaches. There is concern among developing countries that the introduction of environmental conditionalities in the commodity sector will place an additional burden on commodity producers and divert resources from normal development programmes.

3. Promoting investment and enterprise development

35. Globalization and liberalization, driven by technological progress, increased competition and converging demand patterns, are shaping economic and social change throughout the world. In the new environment, sustainable economic progress requires regular investment in the productive sectors, mastery of technology and a dynamic and competitive enterprise sector. Experience also demonstrates the essential facilitating role played by government action to provide a stable macroeconomic environment and a sound economic, social and legal infrastructure, including respect for property rights and for the rule of law. Indeed, the economic importance of the enterprise as one of the main engines of growth and of development is now universally acknowledged: the enterprise is the economic unit that organizes production, creates employment, enhances skills, absorbs and promotes technological change and harnesses it for production, and invests for the future. In undertaking these functions, enterprises also contribute to broader social and economic objectives, such as reducing poverty and accelerating structural adjustment. As globalization and liberalization also bring with them the globalization of competition, it is increasingly acknowledged that development policies, at both the national and international levels, need to be directed specifically at fostering viable and internationally competitive enterprises, including an entrepreneurial culture. Within this context, the particular need to foster the development and expansion of small and medium-sized enterprises is also vital.

36. Foreign direct investment (FDI) can play a key role in the economic growth and development process. The importance of FDI for development has dramatically increased in recent years. It is now considered to be an instrument through

which economies are being integrated at the level of production into the globalizing world economy by bringing a package of assets, including capital, technology, managerial capacities and skills, and access to foreign markets. It also stimulates technological capacity-building for production, innovation and entrepreneurship within the larger domestic economy through catalysing backward and forward linkages.

37. Productive private investment, both domestic and foreign, is based upon investor confidence. Experiences have shown that FDI is attracted by a variety of policies and conditions conducive to economic development. In order to encourage domestic investment and to attract FDI, it is essential to have in place a stable, supportive, effective and transparent legal framework. Intellectual property protection is an essential component of an environment conducive to the creation and international transfer of technology. Investment agreements which signal that investment is valued and that all investors will be treated fairly also promote investment.

38. The globalization of investment has become a dynamic factor in production strategies and in world trade, and the privatization programmes which have been implemented in some countries represent an important support tool for economic development.

39. Privatization, particularly in developing countries and countries in transition, is especially important since, under appropriate conditions, it can create new enterprises, reduce public deficits and contribute to an increase in investment flows. Due account should be taken of the social aspects of privatization, and of those policies and measures which are necessary, in order to mitigate any adverse social consequences of privatization.

40. There have been very few investment flows to the least developed countries, and in particular into Africa where the existing opportunities may need to be further promoted. Successful FDI and technology transfer can result from the industrialized countries' active participation in helping least developed countries, especially in Africa, in their acquisition and enhancement of technological capabilities through the means of technology licensing and expert advice.

41. Strengthened subregional, regional and interregional cooperation among developing countries can be an important factor in making them more attractive to foreign investors. Another trend of importance is that a number of countries in all regions have put into place, or are in the process of doing so, elements of a regional and, in some areas, interregional framework for FDI. There is no comprehensive, multilateral framework that covers a great majority of countries. The desirability, nature, issues and scope of such a multilateral framework, and especially its development dimensions, are increasingly being analysed and discussed.

42. Increasing globalization and liberalization offer significant new opportunities for enterprise development, but there are also risks. Appropriate national policies, supported by an enabling international environment, will

magnify the gains which can be achieved by enterprises. Equally, however, inappropriate policies will magnify adjustment costs.

43. Enterprise competitiveness, the core of the modern economy, depends to a large extent on an appropriate enabling environment. Key elements of a favourable policy framework include:

- At the national level, macroeconomic stability and appropriate regulatory frameworks, including measures for consumer protection and those relating to the promotion of competition; experience has shown that these are also conducive to attracting foreign direct investment, as well as to developing and strengthening domestic technological capabilities.

- At the international level, assistance for structural adjustment programmes in favour of enterprise development, advisory services on how to formulate an enterprise development strategy, technical assistance to promote such a development strategy and international dialogue to discuss lessons learned in this respect.

44. Enterprise competitiveness is based on a variety of factors, including the cost of production factors, flexibility of production, quality, responsiveness to customers' needs, availability of credit and access to business information etc., in a dynamic setting involving changing market demands and the continuous entry of new competitors. Competitiveness, even in traditional sectors, thus depends increasingly upon rapid adaptation to technological change, cooperative research and development efforts among firms, and a continuous process of innovation and human resource development. In addition, small and medium-sized enterprises are confronted with difficult challenges concerning the financing of their development, marketing activities, access to international markets, the introduction of advanced technology and improvements in managerial skills, quality and production. These challenges are more acute for small and medium-sized enterprises of developing countries, which account for a majority of the enterprises in most developing countries, as they operate in a more difficult environment than those in industrialized countries.

45. The experience of developed countries and those developing countries which have achieved sustained economic growth in recent years suggests that science and technology policy-making capability and ongoing dialogue between government and the private sector are important components in the development and expansion of an internationally competitive enterprise sector. In view of the increased competitive pressure on the enterprise sector brought by liberalization and the process of globalization, international support which takes into account the particular needs of individual countries would be required in the areas of institution-building, finance, access to commercial information, training and marketing and the development of a technological infrastructure to ensure that enterprises, in particular SMEs, in developing countries adjust to the rapidly changing global economic environment.

46. Enterprises can test their competitiveness abroad only if they have access to foreign markets. Lower barriers to trade promote competition and encourage

international specialization. However, the weak infrastructure in many developing countries, and insufficient linkages to international markets, often impede enterprises in these countries from realizing their full competitive advantage.

47. These elements highlight the importance for countries of developing a coherent and comprehensive approach to enterprise development that would meet their particular priorities. Experience suggests also that ongoing dialogue between Governments and the private sector is likely to help ensure rapid and full implementation of such an approach and allow for timely adjustment to changing circumstances.

48. SMEs and micro-enterprises in developing countries often face difficulties in such areas as project execution, pre-investment studies, management consulting, production management, product development, marketing, engineering design, quality control, laboratory testing, packaging, accounting, insurance, banking, legal services, repair, maintenance, data management, computer and software, telecommunications and transport. Access to credit and equity capital is important for all enterprises and can be particularly challenging for micro and SMEs.

B. Measures and actions to be taken in order to maximize the development impact of liberalization and globalization and minimize the risks of marginalization and instability

49. States that are members of UNCTAD set as their objective the full integration of developing countries, in particular the least developed, and the economies in transition into the world economy and the international trading system in order to enable them to reap the benefits of liberalization and globalization. This means providing the conditions for an expansion of trade in goods and services to enhance their ability to meet their multilateral obligations, to understand and take advantage of their trade rights and to pursue their trade and economic objectives. Particularly for the least developed countries and certain other developing countries with structurally weak and vulnerable economies, this objective calls for the development and expansion of capacities to supply goods and services to globalizing markets. The member States recognize the importance of the assistance and support of the international community, as well as the contribution of UNCTAD in assisting developing countries and interested economies in transition to achieve this objective, and agree to apply the following recommendations to this end.

1. Globalization and development

50. In pursuit of economic growth and sustainable development, all Governments should: create a stable macroeconomic framework and undertake any necessary structural adjustment and reform; ensure an appropriate and transparent legal and regulatory framework, inter alia to promote investment; strengthen human resource development; promote equality of opportunity and poverty alleviation; promote sound budgetary practices, inter alia to channel resources to productive

uses and meet basic human needs; and provide for democracy and transparent and accountable governance and administration. The international community should support developing countries in their efforts in this regard.

51. Individual countries retain the primary responsibility for their development. In addition, developed countries have a major responsibility in the context of growing interdependence to create and sustain a global economic environment favourable to accelerated and sustainable development.

52. Donors, United Nations organs and specialized agencies are called upon to take part and effectively participate in the Mid-term Review Meeting of the United Nations New Agenda for the Development of Africa in the 1990s, scheduled to take place in September 1996 in New York, with a view to ensuring that the Review will lead to a more effective implementation of the Agenda.

53. Trends in resource flows point to the increasing importance of private flows and the significant decline in real terms of world official development assistance flows after 1991. Official development assistance (ODA) continues to be an important component of resource flows for LDCs and many other low-income countries. There is a need to continue to revitalize donor countries' development policies. Donor countries which have made ODA commitments in the context of Rio or various United Nations resolutions are urged to make efforts to fulfil those commitments. Donor countries should consider the possible development benefit of increasing ODA, particularly to the LDCs.

54. Donors need to implement expeditiously the agreed menu of aid targets and/or commitments as set out in paragraph 23 of the Programme of Action for the Least Developed Countries for the 1990s and fulfil their commitments to provide a significant and substantial increase in the aggregate level of external support to LDCs, keeping in mind the increased needs of these countries, as well as the requirements of the new countries included in the list of LDCs following the Paris Conference.

55. Efforts should be continued to address effectively the problems of heavily indebted low-income developing countries undertaking economic reforms whose growth prospects continue to be severely affected by their external debt problem. In this regard, to address official bilateral debt, the Naples terms adopted by Paris Club creditors in favour of the poorest and most indebted countries should continue to be implemented. Non-Paris Club creditors which have not done so are also urged to take measures as appropriate.

56. The Bretton Woods institutions are encouraged to expedite the ongoing consideration of ways to address the issue of multilateral debt. Other international financial institutions are also invited to consider, within the scope of their mandates, appropriate efforts.

57. In recent years, the magnitude of financial flows and the range of financial instruments in the international economy have grown rapidly, presenting new opportunities and challenges. One challenge is the increased exposure of domestic economies to the volatility of the international financial markets. The developing countries should therefore be better informed about risks and

policy implications of different types of flows, as well as risk-hedging instruments, and could also benefit, in particular the least developed countries, from technical assistance related to the use of financial instruments for risk management in the international economy.

58. Land-locked developing countries require special attention in order to enable them to carry out the necessary development policy and operational reforms that will help reduce the high transit costs and enhance their external trade performance. It is recognized that developing countries which provide transit services need adequate support in maintaining and improving their transit infrastructures. Similarly, island developing countries, particularly the small and remote ones among them, require special attention in order to assist them to overcome their particular development constraints.

59. South-South cooperation should be promoted through the sharing of development experiences among developing countries at different stages of development. This process can be assisted by developed countries in the form of triangular cooperation. New political and economic realities of interdependence call for greater partnership in development. Support of the donor community for South-South initiatives and programmes through, inter alia, financial and technical assistance in this regard is welcome. More attention should be given to promoting triangular cooperation and joint ventures.

60. Interregional cooperation among developing countries could involve: (i) the design and implementation of programmes of technical cooperation among developing countries (TCDC); (ii) preferential treatment of exports from LDCs; and (iii) trade liberalization through the Global System of Trade Preferences among Developing Countries (GSTP) and other arrangements. Further negotiations in the GSTP should aim to widen the scope of the GSTP, as envisaged in the Agreement.

61. The important principles and programmes of action of the United Nations conferences on the environment, human rights, population, social development and women should be effectively followed up.

2. International trade in goods and services, and commodity issues

62. The Uruguay Round Agreements provide the framework for an open, rule-based, equitable, secure, non-discriminatory, transparent and predictable multilateral trading system. All members of WTO should implement their commitments fully and all provisions of the Final Act of the Uruguay Round should be effectively applied to maximize economic growth and the developmental benefits for all, taking into account specific interests of developing countries.

63. The full realization of the anticipated benefits from the conclusion of the Uruguay Round also requires that confidence in the integrity and credibility of the multilateral trading system be upheld. In this respect, the WTO dispute settlement mechanism is a key element of the credibility of the multilateral trading system. It is essential for all countries to respect and fulfil the

totality of the undertakings of the Uruguay Round. Countries should refrain from adopting measures inconsistent with their WTO obligations.

64. Preference-giving countries are invited to continue to improve and renew their GSP schemes in keeping with the post-Uruguay Round trading system and with the objective of integrating developing countries, especially LDCs, into the international trading system. Ways and means should be found to ensure more effective utilization of GSP schemes, particularly by LDCs.

65. Recognizing the important role of trade in services in helping to facilitate both economic development and international trade, and cognizant of the commitments made in GATS Article IV, appropriate technical assistance should be extended to the developing countries to develop and strengthen their service sectors to help ensure that they reap the maximum possible benefits from liberalization of trade in services.

66. Governments, as well as relevant international organizations, should consider extending appropriate technical cooperation to developing countries and countries in transition to enable them to participate more effectively in the international trading system. For WTO members, this should include assistance to enable them to effectively exercise their rights and meet their obligations in WTO, and for prospective members, to help them understand the rights and obligations arising from accession to WTO. Assistance should also be provided for non-WTO members to facilitate their efforts to accede and to help them understand the rights and obligations of membership.

67. Governments involved in regional economic arrangements should ensure, where applicable, that these are consistent with WTO obligations.

68. Actions, as appropriate, should be taken to maximize the opportunities and to minimize the difficulties of developing countries, especially the least developed countries, and of the countries in transition, in adjusting to the changes introduced by the Uruguay Round. Governments are urged to implement fully and expeditiously the Marrakesh Ministerial Decision on Measures in Favour of the Least Developed Countries. The Marrakesh Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least Developed and Net Food-Importing Developing Countries shall be effectively applied.

69. Trade liberalization in developed and developing countries should continue. This would improve market access for the exports of developing countries, enhance the competitiveness of their domestic industries, and facilitate structural adjustment among developed economies.

70. The pursuit of the built-in agenda contained in various Uruguay Round Agreements, as well as the way in which the international community deals with "new issues", should be carried out in a balanced way, including taking into account the concerns of developing countries.

71. Governments reaffirm their commitment to Agenda 21 and the principles of the Rio Declaration. Governments should have as their objective to ensure that

trade and environmental policies are mutually supportive to achieve sustainable development. In doing so, their environmental policies and measures with a potential trade impact should not be used for protectionist purposes. Governments should ensure that these policies and measures are, inter alia, transparent and pay appropriate attention to the special conditions and development needs of developing countries, as well as respect the relevant concepts contained in the Rio Declaration and Agenda 21. Positive measures, such as market access, capacity-building, improved access to finance, and access to and transfer of technology, taking into account the relationship between trade-related agreements and technology, are effective instruments in assisting developing countries to meet multilaterally agreed targets.

72. All countries should endeavour to cooperate, including within the framework of existing multilateral agreements, to promote horizontal and vertical diversification by commodity-dependent developing countries, especially the least developed among them. Donors are encouraged to continue to provide assistance for diversification in the commodity sector of such countries, especially LDCs.

73. Donors are invited, in accordance with General Assembly resolution 49/142 of 23 December 1994, to give particular attention and support to the commodity diversification efforts of African countries. States which contribute to the African Development Bank are invited to consider making substantial contributions in line with the outcome of the negotiated seventh replenishment of the African Development Fund.

74. The Common Fund for Commodities is requested to direct its commodity development programmes more towards commodity sector diversification projects, as well as to promote commodity market development. Particular focus should be put on the needs of the least developed countries. Development of commodity exports by developing countries also requires the serious attention of the Fund. The members should consider fulfilling as soon as possible their pledges made for the Second Account of the Fund. The Common Fund is encouraged to explore effective ways and means of using the resources of the First Account.

3. Promoting investment and enterprise development

75. The Conference recognizes that foreign investment can contribute to the strengthening of the production bases and export capacities of developing countries and help in their integration into the multilateral trading system and the world economy.

76. In order to attract FDI, countries are invited to continue initiatives in such areas as a stable macroeconomic environment, transparent and accountable public administration, respect for property rights and the rule of law, the quality of labour, improvement of infrastructure, entrepreneurial and institutional capabilities and simplified administrative and regulatory frameworks.

77. The least developed countries need assistance to complement their efforts to create an environment conducive to investment flows. This could include

support for improving infrastructure and for human resource development and institutional capacity-building that leads to improvements in the regulatory and incentive frameworks in the LDCs and enhances capital and financial market development.

78. In parallel to those efforts, all countries are invited to pursue policies enabling FDI and to consider, and where possible improve, measures that facilitate FDI flows to developing countries. In particular, countries should provide their business communities with information about business conditions and investment opportunities abroad, especially in developing countries. An appropriate enabling framework allows firms to utilize their dynamism, global resources and vast capabilities towards indigenous technological capacity-building in developing countries and for the expansion of export opportunities and access to competitive structures and tools, such as information and transport networks and distribution and marketing channels.

79. Developing countries and interested countries in transition are encouraged to develop or strengthen their national strategies for fostering enterprise development, including through improvements that result in a sound regulatory framework for their development, with particular focus on small and medium-sized enterprises. In doing so, they are encouraged to broaden and deepen their dialogue with their business community, so as to ensure that the enterprise development strategies take into account the needs of the private sector.

80. In order to assist enterprise development, developing countries need to establish an appropriate capital market infrastructure. In the absence of economies of scale, regional cooperation in this field should be enhanced.

81. Multilateral and bilateral donors are invited, in response to developing countries' priorities, to continue to provide adequate financial support and technical assistance for the implementation of national strategies for enterprise development, and in particular for small and medium-sized enterprises.

82. International institutions and Governments are invited to provide targeted assistance for the creation and strengthening of domestic enterprises of the developing countries through policies and measures to enhance market access for the growth of enterprise in developing countries; to provide access to information networks by enterprises; to enhance the transfer of technology to the developing countries through international trade and economic cooperation; and to contribute to regional and interregional cooperation on enterprise development.

II. THE CONTRIBUTION OF UNCTAD TO SUSTAINABLE DEVELOPMENT

83. In an era of fast-paced economic activity and increasing interdependence among nations, UNCTAD member States are determined to continue to build an effective partnership for development. In consequence, the role of UNCTAD as the focal point within the United Nations for the integrated treatment of development and interrelated issues in the areas of trade, finance, technology, investment and sustainable development necessitates adaptation to new economic

and institutional modalities created by the process of globalization, the conclusion of the Uruguay Round Agreements and the creation of WTO. UNCTAD, having a clear comparative advantage in tackling trade-related development issues, should continue to facilitate the integration of developing countries and countries in transition into the international trading system in a complementary manner with WTO and to promote development through trade and investment in cooperation and coordination with ITC, relevant institutions of the United Nations system and other international organizations. The work of UNCTAD should be geared to the special needs of developing countries, particularly the LDCs, and focus on development issues. It should be action-oriented and provide guidance on national policies and on an enabling environment conducive to trade and development.

84. Sustainable development, poverty alleviation, the empowerment of women, LDCs and cooperation among developing countries should constitute cross-cutting issues in the work of UNCTAD. While concentrating on its main activities and objectives, UNCTAD should pay due attention to the outcome of the global conferences on environment and development, human rights, population and development, social development, women and human settlements.

85. UNCTAD should continue to provide a forum for discussions aimed at considering development strategies and policies in a globalized world economy. In this respect, special attention should be given to analysing and exchanging successful developmental experiences and drawing lessons from them. In its analytical and deliberative work, UNCTAD should focus on the following areas:

- Globalization and development;
- International trade in goods and services, and commodity issues;
- Investment, enterprise development and technology;
- Services infrastructure for development and trade efficiency.

Until the next session of the Conference, UNCTAD should concentrate its efforts on a few priority subjects in these areas.

A. Globalization and development

86. One of the main challenges for UNCTAD in the years ahead will be to facilitate the process through which developing countries utilize the benefits of globalization to accelerate the attainment of the objective of sustainable development. For this purpose, it will be necessary first to monitor how some of the basic elements for sustainable development evolve and interact in an increasingly globalizing world economy, and to track changes in those interactions. Secondly, it will be necessary to evaluate the impact of these elements on the development process, seek new opportunities for the furtherance of development resulting from globalization and liberalization, and provide policy approaches and actions to help developing countries integrate into the world economy and achieve sustainable development.

87. In the field of globalization and development, UNCTAD should continue to analyse global interdependence issues from a development perspective, concentrating on specific micro and macro issues. This cluster of work will support annual discussions in the Trade and Development Board, utilizing among other elements the Trade and Development Report and the World Investment Report. Poverty alleviation should remain an important objective, and concrete opportunities to promote it should be identified. Specifically, this work will focus on the following:

(i) Examining specific development challenges regarding effective participation in international trade and investment, drawing out the lessons that may be of value to developing countries, countries in transition, and in particular the least developed countries. This examination of development challenges will integrate the important development lessons learnt about debt management problems from UNCTAD work in this area;

(ii) Examining successful development experiences, drawing out the lessons that may be of value to other countries, particularly the least developed, and identifying suitable options, supporting cooperation among developing countries, in partnership with contributing countries and institutions, in this regard;

(iii) Monitoring the implementation of the Programme of Action for the Least Developed Countries for the 1990s and preparing, if so agreed, at the fifty-second session of the General Assembly, for a global review and appraisal of the implementation of the Programme; strengthening the contribution of UNCTAD, in cooperation with other relevant organizations in the Inter-agency Task Force for Africa, towards the effective implementation of the United Nations New Agenda for the Development of Africa in the 1990s.

B. Investment, enterprise development and technology

88. UNCTAD should continue to provide a forum for intergovernmental discussions, with the participation of representatives from the private sector, concerning issues related to privatization, enterprise development and international flows of investment. In particular, UNCTAD should promote the international dialogue among development actors for the purpose of assessing the challenges and opportunities for enterprise development arising from the emerging new economic conditions, including the post-Uruguay Round environment.

89. This set of activities will focus on investment, enterprise development and the participation of enterprises in the global economy, and issues related to technology for development. It will focus on the following issues:

Investment

(a) Improving general understanding of trends and changes in FDI flows and related policies, the interrelationships between FDI, trade, technology and development, and issues related to transnational corporations of all sizes and their contribution to development, with the results to be published in the UNCTAD report on world investment;

(b) Identifying and analysing implications for development of issues relevant to a possible multilateral framework on investment, beginning with an examination and review of existing agreements, taking into account the interests of developing countries and bearing in mind the work undertaken by other organizations. In this regard, the role of OECD and the activities of its outreach programme in explaining recent developments in that organization should be noted;

(c) Continuing investment policy reviews with member countries that so desire in order to familiarize other Governments and the international private sector with an individual country's investment environments and policies;

(d) Enhancing the capacity of developing countries and countries with economies in transition to improve their overall investment climate, to obtain relevant information and to formulate policies to attract, and benefit from, FDI. Attention should also be given to assistance in the area of accounting standards and accounting education and related activities;

(e) Promoting opportunities for FDI in host countries by facilitating the exchange of experiences on investment promotion and the benefits from FDI;

(f) Promoting investment among developing countries;

(g) Facilitating, consistent with available resources, the holding of a pilot seminar, co-sponsored with other relevant international organizations, on the mobilization of the private sector in order to encourage foreign investment flows towards the least developed countries. The results of this seminar should be evaluated by the Trade and Development Board in order to determine further action in this regard;

Enterprise development

(h) Continuing to assist interested developing countries with policy-related issues and training activities concerning entrepreneurship development through programmes such as EMPRETEC 21 and in the area of reform of public-sector enterprises;

(i) Facilitating the exchange of experiences on the formulation and implementation of enterprise development strategies, including questions related to privatization, and of experiences with regard to public sector/private sector dialogue and cooperation; to further the participation of developing countries' enterprises in the global economy; and to examine the special problems relating to enterprise development in countries in transition;

(j) Identifying and analysing the specific contribution that foreign direct investment can make to indigenous enterprise development and promoting ways to facilitate efficient domestic resource mobilization;

Technology

(k) Undertaking science, technology and innovation policy reviews with interested countries in order to identify options for national action, especially those which foster technological capability and innovation and the transfer and diffusion of technology; 1/

(l) Identifying, through an exchange of experiences among countries at different levels of technological development, policies to favour technological capacity-building, innovation and technology flows to developing countries;

(m) Providing technical assistance in technology development, including accessing information technology, and disseminating relevant information through an information system and networking.

90. In these activities, in particular in the area of entrepreneurship, investment and enterprise development, UNCTAD should take into account the work done by other international organizations, specifically WTO, ITC, UNIDO and the World Bank Group, in order to enhance synergies, avoid duplication and coordinate related activities.

C. International trade in goods and services, and commodity issues

91. The main role of UNCTAD in the field of trade in goods and services should be to help maximize the positive impact of globalization and liberalization on sustainable development by assisting in the effective integration of developing countries, particularly LDCs and certain developing countries with structurally weak and vulnerable economies, into the international trading system so as to promote their development. Specific interests of the economies in transition should also be taken into account. Work in this area will include issues related to commodity dependence. This work, which should be undertaken in cooperation

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1/ In accordance with Economic and Social Council resolution 1995/4, para. 9.

with WTO and other relevant international organizations, will focus on the following:

(i) Enabling these countries to respond to the opportunities arising from the Uruguay Round Agreements so as to derive maximum available benefit by: analysing the impact of the Uruguay Round Agreements on development; enhancing national capacities, in terms of human resources and administrative infrastructures, to enable WTO members to adjust effectively to meet their obligations and to take advantage of their rights; assisting countries in the process of accession to WTO, including by helping them to enhance their understanding of WTO rights and obligations, as well as improving the transparency of their trade regimes; identifying impediments to trading success, including barriers to export expansion and diversification; providing a forum for examination of issues related to trade preferences, including exploring opportunities for maximizing their utilization; facilitating the understanding of the multilateral trading system by analysing, from a development perspective, issues on the international trade agenda, as identified by the Conference or the Trade and Development Board, including new and emerging issues; assisting developing countries, in collaboration with WIPO and WTO, to identify opportunities provided by the TRIPs Agreement, including for attracting investment and new technologies; contributing, as appropriate, to the work of relevant international organizations in the implementation of the Uruguay Round Final Act Decision on Measures in Favour of the Least Developed Countries by assisting the LDCs that are WTO members to take maximum advantage of the special and differential measures provided for in the Uruguay Round Agreements. Within the framework of its programme of cooperation with WTO, UNCTAD should provide analytical information relating to the Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least Developed Countries and Net Food-Importing Developing Countries;

(ii) Assisting developing countries to strengthen their capacities in the services sector, as well as to identify export opportunities by undertaking directly related sectoral analysis;

(iii) Examining issues related to competition law of particular relevance to development: continuing analytical work on restrictive business practices; assisting these countries to formulate competition policies and legislation; institution-building; focusing on Africa by holding a regional meeting, creating relevant inventories and databases, and establishing a technical cooperation programme;

(iv) Promoting the integration of trade, environment and development and continuing the special role of UNCTAD in this field, in accordance with paragraph 27 of General Assembly resolution 50/95 of 20 December 1995, by examining trade and environment issues, from a development perspective, in close cooperation with UNEP and WTO

and as task manager for the Commission on Sustainable Development by: undertaking the work that the Commission, at its fourth session, proposed for UNCTAD, including in the field of competitiveness, market access, eco-labelling, multilateral environmental agreements, positive measures and trade liberalization, and sustainable development;

(v) Addressing issues of particular relevance to commodity-dependent countries by: examining successful commodity diversification experiences; contributing to the transparency of commodity markets and analysing trends in commodity markets in coordination with international commodity bodies to supplement market information available to them from the business sector; promoting the management of commodity resources, in the context of sustainable development; continuing to assist their producers to make use of risk-limiting instruments.

D. Services infrastructure for development and trade efficiency

92. The primary role of UNCTAD in this sector is to assist developing countries, particularly the least developed countries, and countries in transition in generating trade-supporting services such as customs, transportation, banking and insurance, telecommunications or business information which are adapted to their particular requirements, with a particular focus on services addressing the needs of the informal, micro, small and medium-sized enterprise sectors. UNCTAD should review and assess progress with the trade efficiency initiative, including the experience gained so far in the working of Trade Points and their inter-operability. Rapid data transmission and reliable data protection are necessary for enterprises, large and small, if they are to be competitive. Access to information technology is important to enable countries to benefit from globalization. The free flow of information should therefore be encouraged. UNCTAD should consolidate the Trade Point Network by making Trade Points fully operational and effective and by assisting interested countries, in consultation with them, in establishing new Trade Points.

93. UNCTAD should, in close cooperation with ECE, ITC and other relevant international organizations:

(a) Continue to enhance the capacity of interested developing countries and economies in transition to trade efficiently through programmes such as ACIS, ASYCUDA, TRAINMAR, TRAINFORTRADE and the Global Trade Point Network;

(b) Explore means to make these programmes financially self-sustainable;

(c) Enhance the capacity of Trade Points to function as information and training centres for small and medium-sized enterprises.

94. In order to provide practical support to entrepreneurs in developing countries, UNCTAD should follow up on the results of the United Nations International Symposium on Trade Efficiency, held at Columbus, Ohio, in October 1994. Within existing resources, it should in particular:

(a) Encourage and provide appropriate assistance, upon request, to developing countries to carry out an assessment of the efficiency of their trade-supporting services and best practices in the light of the recommendations of the Symposium; where parts of such an exercise can be performed by the private sector, this should be encouraged;

(b) Taking into account the relationship between trade efficiency and information infrastructure, in close cooperation with ITU, assess the practical trade implications of the emerging Global Information Infrastructure (GII), and identify relevant avenues for action in this area.

E. Technical cooperation

95. The UNCTAD technical cooperation programme is an important element in the UNCTAD overall effort to focus its work on activities that provide practical assistance to developing countries. This assistance should be directed towards developing countries with the greatest need. LDCs should have priority in the assistance provided by UNCTAD. The effectiveness and impact of UNCTAD technical cooperation should be strengthened as an essential complement to the institution's policy-oriented analytical and deliberative work. Specific needs of certain developing countries with structurally weak and vulnerable economies should be addressed. UNCTAD should continue to provide technical assistance to economies in transition. UNCTAD technical cooperation should be demand-driven and aim to enhance the capacity of countries to promote their own development process. It should assist Governments to create the necessary enabling environment for development and strengthen the ability of beneficiary countries to participate fully in the world economy, particularly in international trade and investment. Donors are invited to continue and, if possible, increase financing for technical assistance programmes formulated by UNCTAD.

96. In order to enhance the substantive and financial consistency, predictability and transparency of the UNCTAD technical cooperation programme, the Board should set out a strategy for the coherence of regular and extrabudgetary programmes that seeks to strengthen the linkages between analytical work and technical cooperation. The Board should annually consider an indicative, rolling three-year plan for technical cooperation and review programmes and activities, including their cost-effectiveness. Technical cooperation activities should be monitored and evaluated on a continuous basis, particularly to assess their impact on national capacities on the basis of relevant indicators.

97. The UNCTAD technical cooperation programme should be determined by its work programme priorities. In the light of the objectives contained in paragraph 95, UNCTAD technical cooperation should focus on the following areas:

(i) Globalization and development:

- Assistance in examining specific development challenges regarding effective participation in international trade and investment;

- Providing continued support for debt management;

(ii) International trade in goods and services, and commodity issues:

- Enhancing institutional and human capacities in order for developing countries to analyse new and emerging issues and to benefit from the opportunities arising from participation in the multilateral trading system and to comply with the obligations in this respect;

- Assisting developing countries in the area of trade and environment, including through the use of country case studies;

- Supporting strategies in promoting national competition and consumer protection law and policy formulation;

- Contributing to vertical and horizontal diversification in commodity-dependent countries and promoting the use of risk-management instruments in favour of producers and exporters;

- Contributing to a better utilization of preferences through improved familiarization with GSP and other preferential trading arrangements;

- Assisting developing countries, in coordination with WTO, in accessing data on trade in services;

(iii) Investment, enterprise development and technology:

- Supporting the formulation of national policies promoting and attracting foreign investment;

- Supporting the formulation of national policies promoting private sector development, including SMEs and privatization issues;

- Supporting the formulation of national policies promoting entrepreneurship development ensuring the participation of women;

- Promoting public sector/private sector dialogue;

(iv) Services infrastructure for development and trade efficiency:

- Supporting the formulation of national policies promoting services infrastructure for development and trade efficiency;

- Improving trade-supporting services facilitating trade and exports;

- Human resource development;

- Follow-up on the results of the United Nations International Symposium on Trade Efficiency and providing technical assistance such as establishing trade points, particularly in LDCs.

98. The setting up of a special Trust Fund for LDCs should be examined.

99. UNCTAD should intensify its cooperation and coordination with WTO, ITC, relevant institutions of the United Nations system, other organizations and donor agencies, as well as with regional and subregional groupings, through formal arrangements and within existing mechanisms, as appropriate. This cooperation and coordination should aim to fully utilize existing capacities, create more synergies and avoid duplication in order to optimize the impact of technical cooperation. It should also lead to a systematic exchange of information and best practices. Where appropriate, cooperation with the private sector, non-governmental organizations and the academic world should be sought.

III. THE FUTURE WORK OF UNCTAD: INSTITUTIONAL IMPLICATIONS

A. UNCTAD in a new institutional context

100. UNCTAD, as part of the United Nations system and contributing to its revitalization, has set new priorities and focused its activities and will continue its efforts to increase its relevance and effectiveness by streamlining its budget, reducing the number of meetings, rationalizing its publications and striving for better coordination and cooperation with relevant international organizations in order to strengthen complementarity.

101. Considering the mandate of UNCTAD and what has been reflected in previous sections, the Conference has recognized the need to revitalize and remodel the UNCTAD intergovernmental machinery and has taken the necessary measures to make it more efficient and responsive to the needs of a rapidly changing world economy.

102. The Conference welcomes the reform of the secretariat initiated by the Secretary-General of UNCTAD, and encourages his further efforts to ensure that the internal organization of the secretariat is consistent with the priorities, objectives and intergovernmental machinery established by the Conference.

103. With a view to strengthening the capabilities of UNCTAD, including inter alia technical cooperation, ways and means should be explored within the existing financial rules and regulations of the United Nations to reallocate a part of the savings resulting from improved overall cost-effectiveness.

104. In formulating its recommendations to the United Nations General Assembly on the date of future conferences, the Trade and Development Board should take account of the desirability of synchronizing the quadrennial UNCTAD conferences with the United Nations budget cycle.

B. The intergovernmental machinery

105. The intergovernmental machinery is being structured in accordance with the future work programme of UNCTAD, which is focused on a few priority trade and development issues of central importance on which it can make a substantial impact. The intergovernmental machinery shall be tightly structured so as to reduce the number of meetings and encompass all important areas of the work programme and should concentrate on programmes of interest and practical value to developing countries, in particular the LDCs.

106. In carrying out activities, cross-sectoral issues such as the problems of the LDCs, poverty alleviation, economic cooperation among developing countries, sustainable development and the empowerment of women should be integrated into the work of the intergovernmental machinery. The intergovernmental machinery will also need to ensure the continuous, timely and effective management, including coordination and oversight, of the work done concerning these issues.

107. In endorsing recommendation 431 (S-XVIII) adopted by the Trade and Development Board at its eighteenth special session (December 1995), the Conference decides that the structure of the intergovernmental machinery will be as follows:

(a) The Board is responsible for ensuring the overall consistency of UNCTAD activities with agreed priorities. It will set or adjust the priorities for the period remaining up until the next session of the Conference. It will also set benchmarks and evaluate performance on this basis. To this end, it will ensure that the UNCTAD budget, programme of work, technical cooperation activities and publications policy are carefully scrutinized and their transparency enhanced. It will also ensure that the activities of its subsidiary bodies are in conformity with their mandates, carefully coordinated with other relevant international organizations and not duplicative of other bodies. The Board will also ensure that the calendar of meetings is carefully regulated and the number of meetings within the UNCTAD scope of activity reduced. The Board has the particular responsibility to ensure that UNCTAD is operating in the most cost-efficient manner possible. It will also provide the Secretary-General of UNCTAD with recommendations on the allocation of resources, including reinvested savings in accordance with paragraph 103, to the various elements of the UNCTAD work programme.

The Board shall be assisted in its tasks by the Working Party on the Medium-Term Plan and Programme Budget, in particular in its assessment of the budgetary implications of the proposed work programme. The Working Party will also have the task of identifying the amount of programme savings UNCTAD has generated through its streamlined intergovernmental machinery and more focused programme of work. The Secretary-General is invited to consult with the Working Party during the preparation of the work programme and budget from the earliest possible stage. The Board should explore possibilities of increasing its budgetary authority over the work programme of UNCTAD and prepare respective recommendations to the United Nations General Assembly.

(b) The Board will review the technical cooperation activities of UNCTAD in accordance with paragraph 96. The Working Party shall assist the Board in its oversight of the technical cooperation programme.

(c) In executing its mandated functions, the Trade and Development Board will meet in regular or executive sessions. The regular session of the Board will be convened in one part in autumn for approximately 10 working days. At that session, a segment should be included to deal with a substantive policy item with a view to attracting high-level participation. Personalities from the public, private/business and academic sectors in areas related to the work of UNCTAD should be invited to attend. At its regular session, the Board will continue to deal with interdependence and global economic issues from a trade and development perspective. It will also review at its annual session progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s and of the United Nations New Agenda for the Development of Africa in the 1990s, with attention given to the examination of policy lessons drawn from successful development experiences. The Board will also act to ensure better horizontal coordination.

(d) The Board could meet in executive session three times throughout the year, with six weeks' prior notice, to deal with policy as well as management and institutional matters and when it is agreed that there are urgent matters that cannot be deferred to the regular session. Executive sessions will normally be confined to one-day's duration.

(e) The Bureau of the Trade and Development Board will be elected at each regular session to serve for the whole year and shall be authorized to despatch housekeeping business, including administrative and procedural matters, when the Board itself is not in session.

(f) The Trade and Development Board can set up subsidiary bodies, known as Commissions. It will set clear and specific terms of reference for the Commissions and examine and evaluate their work; it can create new bodies and abolish existing ones, on the basis of the

priorities of the organization and of the work accomplished. It will examine the reports of the different immediate subsidiary bodies in order to draw elements for development perspectives to reach operational conclusions and recommendations to determine the direction of new work.

The Commissions will perform integrated policy work in their respective areas of competence. They will meet once a year unless otherwise decided by the Board. Sessions of the Commissions should be as short as possible and not exceed five days. The Commissions will have specific mandates and greater delegation of decision-making on matters of substance.

108. The Board shall have the following three Commissions: the Commission on Trade in Goods and Services, and Commodities; the Commission on Investment, Technology and Related Financial Issues; and the Commission on Enterprise, Business Facilitation and Development.

109. The Commission on Trade in Goods and Services, and Commodities will deal with the areas defined in paragraph 91. Within these areas, it will deal with the issues identified in paragraph 91 (i)-(ii), (iv)-(v).

110. The Commission on Investment, Technology and Related Financial Issues will deal with the areas defined in paragraphs 87-91. Within these areas, it will deal with the issues identified in paragraphs 89 (a)-(g) and 91 (iii); 89 (k)-(m); and 87 (i).

111. The Commission on Enterprise, Business Facilitation and Development will deal with the areas defined in paragraphs 88-90, 92-94 and 86-87. Within these areas, it will deal with the issues identified in paragraphs 89 (h)-(j), 94, and 87 (i)-(iii).

112. The Conference decides that an executive session of the Board should be convened, not later than 10 July 1996, in order to establish the above three Commissions and to identify, in accordance with the relevant Board resolution 352 (XXXIV) of 20 November 1987, two agenda items from their respective priority issues for their first sessions.

113. The measures and recommendations agreed upon at the Mid-Term Global Review on the Implementation of the Programme of Action for the Least Developed Countries for the 1990s should be fully implemented so as to ensure the success of the Paris Programme of Action. Although LDC issues will forthwith be considered throughout the intergovernmental machinery, the responsible entity in the secretariat of UNCTAD for the least developed, land-locked and small island developing countries should be shaped, staffed and equipped to allow it to coordinate the sectoral work, monitor the implementation of the Paris Programme of Action and other relevant United Nations programmes of action and provide inputs for review by the Trade and Development Board.

114. In order to benefit from a higher level of technical expertise, each Commission may convene expert meetings of short duration, not exceeding three days, the outcome of which need not be in the form of agreed conclusions. The

total number of expert meetings will not exceed 10 per annum. In the first year the Commission on Trade in Goods and Services, and Commodities may convene up to four expert meetings and the other two Commissions may each convene up to three expert meetings. For the following years, the Trade and Development Board will review the distribution of expert meetings among Commissions, taking appropriate account of the recommendations of the Commissions in this regard. Technical matters discussed at the expert level should be reported to the relevant parent body, which may transmit them to the Board as appropriate. It would be for the parent Commission to consider their findings and to discuss the policy implications. Commissions should, when appropriate, make the results of expert meetings called under their auspices available to other relevant Commissions. Expert meetings should receive from the parent Commission precise terms of reference. The expert meetings should be organized in the form and with the participation most conducive to the accomplishment of their tasks. Experts should be nominated by Governments, should have proven experience and would serve expert meetings in their personal capacities. Participation in expert meetings can be from the academic world, public and private sectors and non-governmental organizations. Special consideration should be given at the next regular session of the Trade and Development Board with a view to taking a decision on the question of improving the participation of developing country experts in UNCTAD meetings, including the question of financing their participation. Extrabudgetary resources for the financing of experts from the LDCs could be met from the proposed Trust Fund for LDCs.

115. The Conference confirms the convening of the Intergovernmental Group of Experts on International Standards of Accounting and Reporting.

116. The Conference invites the United Nations General Assembly and the Economic and Social Council to consider the relationship between the Commission on Science and Technology for Development and UNCTAD, taking account of the particular responsibilities of UNCTAD in this field, including its programme of work.

C. The involvement of non-governmental actors in UNCTAD activities

117. The Conference reaffirms the importance of involving non-governmental actors in the activities of UNCTAD. To this end, UNCTAD should continue to take into account their views by inviting them to participate, as appropriate, in an advisory capacity at public meetings of the Board and the Commissions and at expert meetings and to involve them in its activities.

118. In order to enhance further the participation of civil society and to build a lasting partnership for development between non-governmental actors and UNCTAD, the Conference requests the Secretary-General to pursue consultations with these actors, taking into account the experience of participation of civil society in other United Nations forums and international and regional organizations, and to report with recommendations to the Trade and Development Board.

119. The Conference notes with appreciation the Secretary-General's initiative to hold a meeting with actors in development to advise him. This meeting should

be financed from extrabudgetary resources. The Secretary-General is invited to inform the next regular session of the Board of preparations for this meeting and to report subsequently on its outcome.

D. Tenth session of the Conference

120. The Conference welcomes with appreciation the offer by the Government of Thailand to host the tenth session of the Conference in the year 2000.